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UNCLAS SAN SALVADOR 002996

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PASS TO MCC

E.O. 12958: N/A

TAGS: [FAID](#) [PREL](#) [ECON](#) [PGOV](#) [KMCA](#) [MCC](#) [ES](#)
SUBJECT: LEGISLATURE UNANIMOUSLY PASSES MCC COMPACT

¶1. Summary. The Salvadoran Legislative Assembly unanimously approved December 20 the nearly \$461 million Millennium Challenge Corporation Compact and its implementing legislation. FMLN Legislative Deputies supported the Compact but had expressed concerns about parts of the implementing legislation that established the Fondo de Milenio (FOMILENIO), which will be charged with implementing the Compact. The FMLN Deputies met with their legislative counterparts, Saca administration officials and the Ambassador. Their concerns were listened to and addressed. The unanimous support for the MCC is, unfortunately, one of the few times recently that ARENA and the FMLN have been able to reach a consensus on any legislative issue. End Summary.

Working Together) For a Change

¶2. At the request of FMLN Deputy Sigfrido Reyes, the Ambassador and Emboffs met December 18 with three FMLN Deputies, including Reyes, regarding the pending legislative approval of the \$460.8 million MCC Compact and implementing legislation. The deputies said they supported the MCC Compact. Deputy Humberto Centeno said it was the best international assistance agreement he had seen, noting that the provisions to ensure that the money was properly and well spent were particularly commendable. Still, they were concerned that some of the provisions in the Compact were not sufficiently spelled out in the implementing legislation. While admitting that the Compact would control, they argued that it would be better to make the law more clear to avoid any confusion in implementation. In addition, they wanted the maximum number of members (11) to sit on the FOMILENIO board and that mayoral and civil society representatives from the northern region were included as members of the board.

¶3. The FMLN asked the Ambassador to consider their proposals and relay USG support to the Saca administration. The Ambassador listened to their concerns and reiterated his strong support and backing for the MCC Compact. Reyes said they had already discussed their proposals, which they also provided in writing to the Ambassador, with their colleagues in the legislature. The next step would be to discuss them with the Saca administration. The GOES Millennium Challenge Account (MCA) coordinator, Roberto Siman confirmed to EconCoun that the FMLN and Saca administration officials met on December 19. Siman said it would be up to the legislature to decide, but he thought that some of the FMLN proposals would be accepted.

¶4. During the Legislative Assembly session on December 20, the deputies unanimously approved the MCC Compact. They went

through chapter-by-chapter the MCC implementing legislation that established FOMILENIO and made some changes that, according to ARENA Deputy Julio Gamero, did not change the MCC Compact in any way. The legislature did, however, reject the FMLN proposed change regarding the composition of the MCC board. Later, FMLN Deputy Humberto Centeno commented to the press that &There were points in the implementing law that we (the FMLN) did not think were in harmony with the Compact.

We presented our proposals and they were accepted.⁸

Comment

15. This is a rare instance when all of the political parties were able to vote together on an issue. It was much easier to reach consensus because the issue was a major injection of \$461 million in non-reimbursable funds. In addition, the FMLN leadership was feeling the pressure to vote for the Compact from the mayors in the northern region, many of whom are from the FMLN and would be the major beneficiaries of the MCC Compact. Still, the FMLN presented coherent, non-politicized arguments for changes in the law and the ruling party listened and adopted some, but not all of those changes. The result was a unanimous vote in favor of what was already a well-designed project that was itself the product of a comprehensive and inclusive consultative process.

Kennedy-Iraheta